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EXAMINER	
SCARITO, JOHN D	
ART UNIT	PAPER NUMBER
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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No.	Applicant(s)	
	10/519,179	NICHOLS, EVELYN	
	Examiner	Art Unit	
	John D. Scarito	4172	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE *3* MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *20 December 2004*.

2a)☐ This action is **FINAL**. 2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-20* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-20* is/are rejected.

7)☒ Claim(s) *5, 11, 12 & 18* is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____ .
5) ☐ Notice of Informal Patent Application
6) ☐ Other: _____.

DETAILED ACTION

Claim Objections

Claims 5, 11, 12 & 18 are objected to because of the following informalities:

1. As per Claim 5, said claim is objected to under 37 CFR 1.75 as being a substantial duplicate of Claim 2. When two claims in an application are duplicates or else are so close in content that they both cover the same thing, despite a slight difference in wording, it is proper after allowing one claim to object to the other as being a substantial duplicate of the allowed claim. See MPEP § 706.03(k). One of skill in the art would recognize that "providing mortgage payments for a loan term" encompasses "making periodic payments against said mortgage loan".
2. As per Claim 11, Examiner suggests that Applicant retain the "further comprising the step" form for clarity.
3. As per Claim 12, Examiner suggests that Applicant state "said principal loan amount" for consistency and clarity.
4. As per Claim 18, said claim is objected to under 37 CFR 1.75 as being a substantial duplicate of Claim 1. When two claims in an application are duplicates or else are so close in content that they both cover the same thing, despite a slight difference in wording, it is proper after allowing one claim to object to the other as being a substantial duplicate of the allowed claim. See MPEP § 706.03(k). One of skill in the art would recognize "a principal amount and an investment amount" as equivalent to the "mortgage loan principal amount". Likewise, "providing…to a seller" with "forwarding…to said seller",

"applying…investment vehicle" with "purchasing…investment vehicle", "making periodic payments" with "providing mortgage payments" and "accumulating equity" with "receiving…ownership interest".

Appropriate correction is required.

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

> The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 1-3, 7, 8, 13, 17, 18 & 20 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

As per Claim 1, "said seller" lacks antecedent basis. For purposes of examination, Examiner will interpret this as the real estate seller. It is noted however, that "said seller" introduces ambiguity given the parties involved: mortgagee, bank, etc. Further, "at least one investment vehicle" already holds antecedent basis in line 8, page 14. Here, one would not know if the "purchasing" relates to the at least one investment vehicle for which money was "receiv[ed]" or the purchasing of additional investment vehicles for which money was not allotted.

As per Claims 2 & 3, Examiner asserts that "holding" and "held" is ambiguous given the terminology as commonly utilized in the art of securities. Examiner questions whether Applicant intended terms meaning possession of the instrument.

As per Claim 7, Applicant states "determining a repayment term" without explaining for what. Examiner is unclear as to whether it is for the "principal loan amount" or the "additional loan amount" or both. For purposes of examination, Examiner will assume both are accumulated into one loan for repayment. Further, Applicant is unclear as to who is performing the steps. Steps (a)-(e) seem to be the lender, steps (f) and (h) could be the lender or the borrower and step (g) appears to be the borrower. Clarification is needed.

As per Claim 8, Applicant refers to "said loan" without clarification as to whether this references the "principal loan" or the "additional loan" or both. Not unlike Claim 7, above, Examiner will assume that both were intended.

As per Claim 13, Applicant states "providing said loan amount" without referencing a "principal" or "additional" loan amount. Examiner will assume for purposes of examination that Applicant intended "principal loan amount to a seller".

As per Claim 17, the term "substantially" is a relative term which renders the claim indefinite. The term "substantially" is not defined by the claim, the specification does not provide a standard for ascertaining the requisite degree, and one of ordinary skill in the art would not be reasonably apprised of the scope of the invention. For instance, how would one know if 18 percent is substantially equal to 20 percent?

As per Claim 18, "substantially" renders the open-ended language "comprised [] of" ambiguous. This suggests that less elements than recited may be sufficient.

As per Claim 20, Examiner is unclear what Applicant intends by stating "applying". For purposes of examination, Examiner will assume that Applicant means that said insurance policy is collateral for said loan amount.

Claim Rejections - 35 USC § 101--Double Patenting

A rejection based on double patenting of the "same invention" type finds its support in the language of 35 U.S.C. 101 which states that "whoever invents or discovers any new and useful process ... may obtain a patent therefor ..." (Emphasis added). Thus, the term "same invention," in this context, means an invention drawn to identical subject matter. See *Miller v. Eagle Mfg. Co.*, 151 U.S. 186 (1894); *In re Ockert*, 245 F.2d 467, 114 USPQ 330 (CCPA 1957); and *In re Vogel*, 422 F.2d 438, 164 USPQ 619 (CCPA 1970).

A statutory type (35 U.S.C. 101) double patenting rejection can be overcome by canceling or amending the conflicting claims so they are no longer coextensive in scope. The filing of a terminal disclaimer cannot overcome a double patenting rejection based upon 35 U.S.C. 101.

Claims 1-20 are provisionally rejected under 35 U.S.C. 101 as claiming the same invention as that of Claims 1-21 of copending Application No. 10/561,661 ('661). This is a provisional double patenting rejection since the conflicting claims have not in fact been patented.

As per Claims 1-20, Applicant appears to have extracted the "for a loan term" limitation from Claim 1 but implemented it in dependent Claim 2 ('661). In this vein, Applicant's use of "receiving full ownership interest" is within the scope of "having ownership interest" of Claim 1 ('661). Regardless, "for a loan term" is well recognized by those of ordinary skill in the art of finance, thus Claims 2-6 are, for all practical purposes, the same as Claims 3-7 ('661). The attempted limitation of "prior to vesting full ownership rights" of Claim 3 ('661) is not an effective limitation because collateral rights are not held when full ownership rights are attained. Further, Claim 7 does not distinguish from

Claim 8 ('661) by using "receiving" in lieu of "perceiving". When one receives something he must perceive it, or be aware of it. As such, Claims 9-14 are, for all practical purposes, the same as Claims 10-15 ('661). As per Claim 15, Claim 16 ('661) lacks the limitation "not related to said system practitioner." Regardless, Claim 16 ('661) requires, not unlike Claim 15, that said investment entity is a financial institution. One of skill in the art would appreciate that a financial institution, that is not a system practitioner, is within the scope of "financial institution". Lastly, Claims 16-20 are exact duplicates of Claims 17-21 ('661). As such, Applicant must cancel or amend the conflicting claims so that they are no longer coextensive in scope.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Claims 1-13, & 15-18 are rejected under 35 U.S.C. 103(a) as being unpatentable over Christie et al (5,819,230).

As per Claim 1, Christie et al ('230) teaches the method as follows:

a. identifying real estate [Abstract, "information concerning…the products they have purchased or for which they are applying" & column 1, line 7, "home"];

b. applying for mortgage loan [Abstract, "for which [participants] are applying" & column 1, line 8, "mortgage type loan"];

c. having said mortgage loan application approved; [Abstract, "selects mortgage applicants financially eligible to participate in the combined program"]

e. forwarding funds equivalent to said cost of said real estate from said mortgage loan principal amount to said seller; [see Figure 4C, element 292, "Payment to former owner of purchased home and/or former owner's lender."]

g. providing mortgage payments for a loan term; ["monthly mortgage payments" see column 2, lines 1-2, & "completion of payments on the mortgage", column 7, line 37]

However, Christie et al ('230) does not specifically disclose as follows:

d. receiving a mortgage loan principal amount to cover cost of said real estate and at least one investment vehicle; Regardless, Christie et al ('230) does disclose an analogous practice where "[a] larger than standard loan [e.g. more than the real estate purchase price] is required" where "a portion of the traditional down payment is used to purchase an insurance company annuity policy, with [less] of the down payment being paid to the home seller." [see column 1, lines 64-67]. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant's invention, to offer a borrower a mortgage loan for more than the real-estate purchase price for the purpose of covering a linked investment vehicle. An investor would be motivated to offer more loan money to any eligible borrower given that contemplated risks are secured by said investment [this is the point of Christie et al's "combination program"]. This is not unlike offering a mortgagor a second mortgage.

f. purchasing at least one investment vehicle with funds from said mortgage loan principal amount; Regardless, under the logic of (d) above, investors would not likely be motivated to provide further funding without it being secured by some form of collateral (investment vehicle) or private mortgage insurance [column 1, line 27]. This is especially true given the option of a down payment in Christie et al ('230) and Applicant's invention.

h. receiving full ownership interest in said at least one investment vehicle and said real estate. Regardless, if a loan is paid off in (g), the collateral interests of mortgagees (real estate and any investment vehicles used as collateral) detach and full ownership attaches to the mortgagor (with full interest). [see Figure 4E, (318) & column 5, line 65].

As per Claim 2, Christie et al ('230) teaches the method of Claim 1 above. Further, Christie et al ('230) teaches holding said at least one investment vehicle as collateral against said mortgage loan prior to step (h). [column 5, lines 13-16, "the mortgage lender is secured by the non-traditional collateral associated with the combined mortgage and life insurance program administered by the present invention."]

As per Claim 3, Christie et al ('230) teaches the method of Claim 2 above. Further, Christie et al ('230) teaches said collateral is held by a lender. [column 5, lines 13-16, "mortgage lender is secured"].

As per Claim 4, Christie et al ('230) teaches the method of Claim 3 above. Further, Christie et al ('230) teaches said lender is a system practitioner. [see Figure 1, mortgage

originator (112) is a type of lender (110). Per Applicant, a "system practitioner" includes "an originator of mortgage loans" (see Applicant's Specification, pg 5, line 11)]

As per Claim 5, Christie et al ('230) teaches the method of Claim 2 above. Further, Christie et al ('230) teaches making periodic payments against said mortgage loan. [see Figure 1, "Monthly Payments" from Homeowner Funds (128) to Lender(s) (110).].

As per Claim 6, Christie et al ('230) teaches the method of Claim 5 above. However, Christie et al ('230) does not specifically disclose [that] when unable to make said periodic payments, funds are applied from said at least one investment vehicle to said mortgage loan equal to said periodic payment. Regardless, Christie et al ('230) appreciates that investment vehicles (insurance policy, annuity contracts) have "cash value [that] grow[] over the life of [a] loan" and that "cash drawn from the [investment vehicle] is [often] treated as a loan" [see column 1, line 39 and 53-55 & column 2, lines 3-4]. As such, given that lenders have control of the investment asset (possession of an attached security interest), it would have been obvious to one of ordinary skill in the art, at the time of Applicant's invention, that funds (equivalent to one or more periodic payments) are deductible from the cash value of said investment assets. One of skill in the art would be motivated to "cover" one or more missed borrower payment(s) to avoid the costs of default proceedings. Further, one would not likely wish to liquidate the whole investment asset due to a temporary delinquency in payment(s) or an erroneously missed payment. Further, established secured transactions law, with appropriate attachment and perfection of a security interest, would afford a lender such rights.

As per Claim 7, Christie et al (230) teaches the method as follows:

a. determining a principal loan amount to be provided to a borrower; and b. determining an additional loan amount to be provided to a borrower; [Christie et al ('230) teaches that "[a] larger than standard loan" (more than just principal) may be required when purchasing a house if part of a down payment is utilized to buy an investment vehicle to secure the loan. See column 1, line 63-37 One of skill in the art would appreciate that such amounts would be "determined" prior to issuing a mortgage.].

c. determining a repayment term; [Christie et al ('230) teaches that "mortgage loan term[s]" are utilized. See column 1, lines 48 & 36. One of skill in the art would appreciate that said term would be "determined" prior to issuing a mortgage.].

d. providing said principal amount; [Christie et al ('230) teaches that a lender often provides the remainder of a purchase price not paid by a borrower. See column 1, lines 21-22].

g. providing loan repayment increments during said repayment term; ["monthly mortgage payments" see column 2, lines 1-2, & "completion of payments on the mortgage", column 7, line 37]

h. receiving an interest in said at least one investment. [Christie et al ('230) teaches that the borrower ultimately holds an interest in the investment vehicle as he/she gains "released" amounts when the "loan is [no longer] outstanding" column 5-6, lines 64-3. As such, both the lender and the borrower have interests at some point in the loan term.]

However, Christie et al ('230) does not specifically disclose:

e. providing said additional loan amount to an investment entity; and f. purchasing at least one investment vehicle with funds from said additional loan amount; Regardless, Christie et al ('230) appreciates that "[a] larger than standard loan" (more than just principal) may be required when purchasing a house if part of a down payment is utilized to buy an investment vehicle to secure the loan. See column 1, line 63-37. Examiner notes that one of skill in the finance art would, for all practical purposes, interpret this as (1) the lender subsidizing the down payment or (2) the lender subsidizing the actual investment vehicle.

> For example, if borrower has $30 and wants to buy a house worth $150, he would have to conventionally provide a down payment of $30 (20% to avoid PMI) and get a loan for $120. However, if the negotiable terms of the agreement (given risks) necessitate the purchase (by the borrower) of an investment vehicle, worth $15, to further secure the mortgage [ex. insurance annuity policy, See Christie et al ('230), column 1, line 65], the lender would still have to loan borrower $135 (larger than standard loan) regardless of whether the extra $15 was used to initially buy the investment vehicle or later used for a complete down payment. The money is needed by said borrower and spent either way.

As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant's invention to modify Christie et al ('230) to include a borrower or lender providing an additional loan amount to an investment entity for the purchase of appropriate investment vehicles. One would be motivated to provide said additional loan amount directly to said entity to avoid processing costs of middlemen and the inefficiency of money changing hands with an opportunity for loss. Further, only said entity is likely able to provide such investment vehicles.

As per Claim 8, Christie et al ('230) teaches the method of Claim 7 above. Further, Christie et al ('230) teaches said loan is a real estate mortgage. [column 1, lines 7-8, "purchasing a home using a mortgage type loan"]

As per Claim 9, Christie et al ('230) teaches the method of Claim 8 above. Further, Christie et al ('230) teaches a lender suppl[ying] said principal loan amount and said additional loan amount. [Examiner notes that this necessarily flows from the Christie et al ('230) disclosure (if a borrower is "financially eligible", see Abstract) for such loan as discussed in Claim 7 above (e.g. principal and additional amount). Practically, commonly known loans necessitate such a transfer. See Title "Funding Asset Purchase *and* Insurance Policy" (emphasis added)].

As per Claim 10, Christie et al ('230) teaches the method of Claim 9 above. Further, Christie et al ('230) teaches said lender takes an interest in said at least one investment vehicle as collateral against said real estate mortgage. [column 5, lines 13-16, "the mortgage lender is secured by the non-traditional collateral associated with the combined mortgage and life insurance program administered by the present invention."]

As per Claim 11, Christie et al ('230) teaches the method of Claim 9 above. Further, Christie et al ('230) teaches a system practitioner collecting application criteria from a borrower prior to step (c). [see Figure 1, a "mortgage originator" (112) is a type of lender (110). Per Applicant, a "system practitioner" includes "an originator of mortgage loans" (see Applicant's Specification, pg 5, line 11) and see column 3, lines37-45, "mortgage originator…[determines participants based on] the mortgage application…" & column 6,

lines 45-50, "stores (collecting) information about…prospective homebuyers who have applied to participate"]

As per Claim 12, Christie et al ('230) teaches the method of Claim 11 above. Further, Christie et al ('230) teaches said system practitioner providing said principal loan and said additional loan amount to an escrow entity prior to step (f). [Given the logic of Claim 7, a principal amount and additional amount would be provided. Further, Christie et al ('230) contemplates the use of an escrow entity in the mortgage loan process. See Figure 1 (124), & column 11, lines 1-7 and column 12, lines 19-27]

As per Claim 13, Christie et al ('230) teaches the method of Claim 12 above. Further, Christie et al ('230) teaches said escrow entity providing said loan amount to a seller [see column 12, lines 19-27, "escrow agent [receives] beginning funds [] from the homebuyer and the mortgage loan funds…and distributes a portion of those funds to the former owner of the purchased home.] However, Christie et al ('230) does not specifically disclose [said escrow entity providing] said additional loan amount to said investment entity. Regardless, Christie et al ('230) does disclose providing a portion of funds to an entity other than the home seller. [see column 12, lines 19-27, "escrow agent [receives] beginning funds [] from the homebuyer and the mortgage loan funds… A portion of the funds will be distributed to the mortgage insurance company, either for payment of the first premium or for full or partial prepayment of the entire policy.] Therefore, under the logic of Claim 7 above, a lender could provide a portion of funds marked for distribution to an investment entity. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant's invention, to modify Christie et al ('230) to include providing additional

amounts to an investment entity via an escrow entity. One would be motivated to utilize an escrow agent in this process because it is customary to do so in real estate transactions for security and certainty in the transaction.

As per Claim 15, Christie et al ('230) teaches the method of Claim 13 above. Further, Christie et al ('230) teaches said investment entity is a financial institution not related to said system practitioner. [Christie et al ('230) teaches that "mortgage originators" (system practitioner) refer "financially eligible" participants "to the program coordinator" who coordinates the "combined program" with a separate "life insurance company participating in the program" (see column 3 lines 36-46)]. In this vein, such a relation may be legally questioned per Claim 14 analysis below.

As per Claim 16, Christie et al ('230) teaches the method of Claim 7 above. Further, Christie et al ('230) teaches said investment vehicle is one of: an annuity [column 1, line 65 & Abstract "7-pay life insurance policy"]; a single premium immediate annuity; a universal life policy; a certificate of deposit [column 3, line 59]; a guaranteed interest contract; a mutual fund; a savings account [column 5, line 37]; a zero coupon bond; a municipal bond; a variable life policy [column 9, line 15]; a whole life policy [column 9, line 15]; a financial security investment.

As per Claim 17, Christie et al ('230) teaches the method of Claim 7 above. However, Christie et al ('230) does not specifically disclose said additional loan amount is substantially 20 percent of said principal loan amount. Regardless, Christie et al ('230) does disclose that the "primary goal of the present invention [is] to provide…a mortgage and life insurance combination program in which all or a portion of the funds normally used as a down payment typically equal to at least 20% (twenty percent) of the home purchase price, are

used [to purchase an investment vehicle]." [see column 2, lines 43-49]. Given the logic of Claim 7 above, an additional amount (larger than a standard loan) could comprise this "at least 20%" (this depends on what is negotiated given the participant risks and whether a down payment is optionally applied). A prudent investor would be motivated to require security on a loan of at least 20% of the purchase price to avoid PMI. [see column 1, lines26-27]. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant's invention, to modify Christie et al ('230) to include loaning an additional amount substantially equal to 20 % of said principal loan amount for the purchase of an investment vehicle to secure the total mortgage loan.

As per Claim18, Christie et al ('230) teaches the method as described in Claim 1 above. One of skill in the art would appreciate that the language of Claim 18 fully reads on the language of Claim 1 (ex. "a principle amount and an investment amount"="mortgage loan principle amount", "equivalent to said cost of said real estate"="principal amount", "cost of…at least one investment vehicle"="investment amount", "providing mortgage payments"="making periodic payments", and "concurrently accumulating equity…and an interest"="receiving []ownership interest"). Practically, Claim 1's full ownership requires the encompassed methods of Claim 18 for a loan term.

Claim 14 is rejected under 35 U.S.C. 103(a) as being unpatentable over Christie et al (5,819,230) in view of Ryan et al (5,673,402).

As per Claim 14, Christie et al ('230) teaches the method of Claim 13 above. However, Christie et al ('230) does not specifically disclose said investment entity is said system practitioner. Regardless, Ryan et al ('402) discloses that is possible for lenders to sell investment products [see Background (in the UK), columns 1 & 2]. Further, Ryan et al ('402) highlights that "[i]n the United States, federal statutes forbid most lenders from selling insurance. Also, most states have laws forbidding tie-in sales of mortgages. A tie-in sale occurs when a lender insists that a borrower buy a particular insurance product from a particular life insurance company." [column 2, lines 43-48]. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant's invention, to modify Christie et al ('230) to include a system participant as the investment entity. Although this may prompt legal issues, one of skill in the art would ultimately be motivated to encourage investment vehicle purchases as security for a loan. Having such purchases as part of the loan process would surely be more efficient and less costly.

Claims 19 and 20 are rejected under 35 U.S.C. 103(a) as being unpatentable over Christie et al (5,819,230) in view of Kavanaugh (09/986,670) [Pub. No.: 2002/0087365].

As per Claim 19, Christie et al ('230) teaches the method of Claim 18 above. However, Christie et al ('230) does not specifically disclose a first and second investment vehicle, wherein said first investment vehicle is an annuity, and said second investment vehicle is an insurance policy. Regardless, Kavanaugh ('670) teaches a method where two such investment vehicles are

purchased and a method of "funding life insurance policies using annuities" [see Abstract]. In line with Christie et al ('230), Kavanaugh ('670) contemplates such investment vehicles (including an immediate annuity, paragraph 6) being "purchased at least in part using borrowed money" [see Abstract]. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant's invention, to modify Christie et al ('230) to include a first and second investment vehicle including an annuity and an insurance policy. One would be motivated to combine such vehicles in such a way given the U.S. Internal Revenue Code [see paragraph 5] and tax advantages [see paragraph 10]. As per Claim 20, Christie et al ('230), as modified by Kavanaugh ('670), teaches the method of Claim 19 above. However, Christie et al ('230) does not specifically disclose purchasing said annuity, followed by applying said insurance policy, thereby providing security for said loan amount. Regardless, Kavanaugh ('670) teaches that an annuity and an insurance policy can be purchased with borrowed funds and that the annuity later funds the insurance policy premiums. [paragraph 15]. In this vein, Christie et al ('230) does teach that an investment vehicle (insurance policy) is held as collateral. [column 5, lines 13-16, "the mortgage lender is secured by the non-traditional collateral associated with the combined mortgage and life insurance program administered by the present invention."] As such, it would have bee obvious to one of ordinary skill in the art, at the time of Applicant's invention, to modify Christie et al ('230) to include the purchasing of an annuity and insurance policy with borrowed money while utilizing the insurance policy as collateral for the loan. A prudent investor would be motivated to collateralize only the insurance policy (due to its cash out value) or both the annuity and the insurance policy

(to ensure the future integrity of the insurance policy) depending on the amount of security required and the risks involved (down payment, interest rate fluctuations, etc) in making the loan.

Prior Art

The following prior art, made of record but not relied upon, is considered pertinent to applicant's disclosure: Madden (6,345,262), Atkins (5,852,811), and Lloyd (4,876,648).

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to John D. Scarito whose telephone number is (571) 270-3448. The examiner can normally be reached on M-Th (7:00-4:30), Alternate F (7:00-3:30).

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Tom Dixon can be reached on (571) 272-6803. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/John D. Scarito/
Examiner, Art Unit 4172

John D. Scarito
Examiner
Art Unit 4172

/Naeem Haq/
Primary Examiner, Art Unit 4172